

2 August 2024

Global Markets Research

Daily Currency Outlook

USD/MYR



Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – Neutral-to-Slightly Bearish

USD/MYR opened 0.02% lower at 4.5685 and slid to 4.5528 at the point of writing. Daily outlook is neutral to slightly bearish as MYR led regional rally against USD amid expectations of Fed rate cut, weighed down by dismal economic data overnight, from the jump in jobless claims to the deeper contraction in the ISM-Manufacturing. Key risk today will be the non-farm payroll numbers, with expectations that it will ease sharply to +175k from +206k previously.

1-Month Outlook – USD/MYR Neutral-to-Slightly Bearish

The USD/MYR outlook is neutral-to-slightly bearish as the upside for the DXY on expectations that the Fed will start cutting rates come September amid cooling-but-still resilient signs of a labour market, forward looking data that suggests gradual weakening in economic conditions in 2Q and further progress in disinflation. As it is, Fed has already noted risks to achieving its employment and inflation goals are moving into better balance in its latest minutes, and thus, the Fed is attentive to the risks to both sides of its dual mandate. Domestically, MYR will be supported by expectations for an extended pause in the OPR, as recovery in exports, sustained domestic demand and upside risk to inflation amid imminent subsidy cuts should shield BNM from any OPR cut.

	S2	S1	Indicative	R1	R2
USD/MYR	4.5416	4.5473	4.5528	4.5638	4.5746

USD/SGD

USD/SGD Neutral

USD/SGD opened flat at 1.3367 before trending up to 1.3375 at the point of writing. We prefer to stay neutral for this pair given the upcoming NFP print and in a tug of war between USD and SGD weakness against G10 currencies, eyeing trading range between 1.3365-1.3380.



	S2	S1	Indicative	R1	R2
USD/SGD	1.3355	1.3365	1.3375	1.3380	1.3385

MYR Crosses

SGD/MYR

SGD/MYR Neutral-to-Slightly Bearish

SGD/MYR opened 0.12% higher at 3.4182 but quickly lost its lustre and more to trade at 3.4052 at the point of writing. Daily outlook is neutral-to-slightly bearish given the downward trajectory post opening, but losses likely limited by the S1 level given its significantly oversold position. Next up on the Singapore front today is its PMI print.

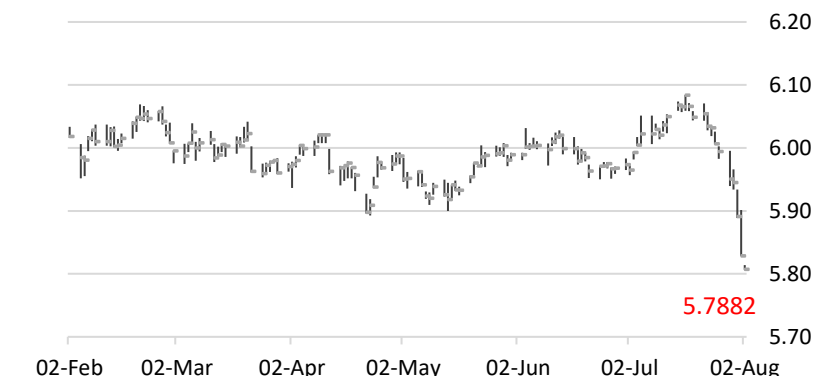


	S2	S1	Indicative	R1	R2
SGD/MYR	3.4952	3.4002	3.4052	3.4142	3.4232

GBP/MYR

GBP/MYR Slightly Bearish

GBP/MYR opened 0.24% lower at 5.8141 and plunged to 5.7882 at the point of writing. Daily outlook is bearish given GBP weakness after the BOE delivered a 25bps rate cut overnight. Losses will likely be capped at 5.7787 (S1) given its oversold position.



	S2	S1	Indicative	R1	R2
GBP/MYR	5.7689	5.7787	5.7882	5.8059	5.8236

AUD/MYR



AUD/MYR Slightly Bearish

AUD/MYR opened 0.51% lower at 2.9659 and slid to 2.9561 at the point of writing. Daily outlook is slightly bearish as the AUD/USD traded lower below the 0.6500 level, weighed down by expectations of RBA rate cuts going forward (rather than hike) after its softer than expected CPI prints. The contraction in Caixin's Manufacturing PMI also does not bode well for this pair.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9417	2.9507	2.9561	2.9690	2.9782

Source: Bloomberg, HLBB Global Markets Research

Hong Leong Bank Berhad

Fixed Income & Economic Research, Global Markets

Level 8, Hong Leong Tower

6, Jalan Damanlela

Bukit Damansara

50490 Kuala Lumpur

Tel: 603-2081 1221

Fax: 603-2081 8936

Email:

DISCLAIMER

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained herein does not constitute the provision of investment advice and is not intended as an offer or solicitation with respect to the purchase or sale of any of the financial instruments mentioned in this report and will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by Hong Leong Bank Berhad ("HLBB") to be reliable and in good faith, but no warranties or guarantees, representations are made by HLBB with regard to the accuracy, completeness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HLBB or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected herein may change without notice and the opinions do not necessarily correspond to the opinions of HLBB. HLBB does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter.

Potential and actual conflict of interest may arise from the activities of HLB Group. HLB Group constitute a diversified financial services group. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and other activities for their own account or the account of others. In the ordinary course of their business, HLB Group may effect transactions for their own account or for the account of their customers and hold long or short positions in the financial instruments. HLB Group, in connection with its business activities, may possess or acquire material information about the financial instruments. Such activities and information may involve or have an effect on the financial instruments. HLB Group have no obligation to disclose such information about the financial instruments or their activities.

The past performance of financial instruments is not indicative of future results. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described herein would yield favorable investment results. Recipients who are not market professional or institutional investor customer of HLBB should seek the advice of their independent financial advisor prior to taking any investment decision based on the recommendations in this report.

HLBB may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HLBB endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HLBB does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HLBB. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient hereof agrees to be bound by the foregoing limitations.